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C O N F I D E N T I A L MUSCAT 000967

SIPDIS

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TAGS: ECON MARR ECIN ELTN EWWT MU

SUBJECT: ALL ABOARD: GCC COUNTRIES SET TO AGREE ON RAILWAY

REF: MUSCAT 377

CLASSIFIED BY: Richard Schmierer, AMB, Department of State, Embassy Muscat; REASON: 1.4(B), (D)

¶11. (SBU) Meeting in Muscat on October 17, ministers of the national economy from Gulf Cooperation Council (GCC) states approved the proposed GCC railway at the 82nd annual meeting on Financial and Economic Cooperation. The English-daily "Oman Observer" reported that the meeting was chaired by Ahmad Abdulani Macki, the Omani Minister of National Economy. The meeting came on the heels of approval of the GCC railway by the GCC undersecretaries for transport and communication, undersecretaries of the national economy, and ministers of transportation. The green light by the ministers of the national economy paves the way for the approval of the project by GCC heads of state at the upcoming GCC summit in Kuwait.

¶12. (SBU) The proposed railway would link Oman's new port developments to other cities in Oman and to neighboring GCC states. Specifically, the railway would include the following stops in Oman: Sohar, Muscat, Duqm, and Salalah. Providing an alternative to costly over-the-road shipping from Duqm is key to that port's development as Oman's primary import/export hub (reftel). With the planned state-of-the-art facilities at Duqm, Oman hopes to attract shipping from Jebel Ali in the UAE due to the shorter transit time and lower insurance requirements for ships that do not traverse the Straight of Hormuz.

¶13. (C) COMMENT. Oman will be a strong advocate of the GCC railway during the upcoming GCC summit. Oman's development and diversification plans hinge in-part on the development of a transportation infrastructure linking its ports to other GCC countries. Although all GCC states are seemingly in agreement on the railway line, as Oman tries to attract business away from the UAE, the UAE's apparently supportive position on the GCC railway may turn. END COMMENT.  
Schmierer